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SUBJECT: SCENESETTER FOR HHS SECRETARY LEAVITT'S VISIT TO THE
NETHERLANDS, NOVEMBER 8-9, 2007

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¶1. Embassy The Hague warmly welcomes U.S. Secretary of Health and Human Services Leavitt and his delegation to the Netherlands November 8-9. Your visit to the Dutch Health Ministry will provide you with in-depth information about the new Dutch health care system, which came into force as of January 2006. You will learn first hand how the regulations and financing work, how insurance payments flow, how patients can use insurance in public and private institutions and how Governments supervise the programs. You will meet with all stakeholders, including the Hospital Pricing Authority (NZA), the Health Inspectorate (IGZ), the Insurance Authority (CVZ), individual insurance companies, and academic health policy experts. You will visit the Leiden University Medical Center (LUMC) in Leiden, which is one the largest of its kind in the Netherlands. The following provides background for your program as well as information about the current political and economic situation in the Netherlands and areas of U.S.-Dutch cooperation. (Post will forward a detailed schedule as well as information on Dutch meeting participants as soon as available. We understand that information on the NZA, IGZ and CVZ has already been provided by the Dutch Health Ministry.)

New Dutch Health Insurance System

¶2. In January 2006, the Netherlands moved to a mandatory but privately-based national health care insurance system, with private insurance companies serving as the sole providers of health care insurance for Dutch citizens. The new system increased the role of market forces in controlling health care spending, while also ensuring access to health care for all through an obligation for insurance companies to accept any client and income-based transfers for citizens. A system of risk equalization enables the acceptance obligation and prevents direct or indirect risk selection.

¶3. Under the system, the insured person pays a nominal premium to the health insurer. Everyone with the same policy pays the same insurance premiums. All people under 18 are insured but do not pay any premiums. In addition, the Health Insurance Act also provides for an income-related contribution to be paid by the insured person. Employers contribute by making a compulsory payment towards the income-related insurance contribution of their employees. The health insurance package provides for essential curative care tested against the criteria of demonstrable efficacy, cost effectiveness and the need for collective financing. The current system includes a no-claim bonus, which will be replaced next year by a compulsory health insurance excess to be collected by the health insurer. People with chronic illness or disability are compensated financially.

Long-Term Care

14. In addition to the national health care insurance system, there is the Exceptional Medical Expenses Act (AWBZ), which is a national insurance scheme for long-term care. This scheme is intended to provide the insured with chronic and continuous care. Everyone legally residing in the Netherlands and non-residents on Dutch payrolls are automatically insured and obliged to pay the statutory contribution. The AWBZ insurance scheme is funded by premiums paid by the insured, by a state subsidy, and by personal contributions from care recipients. AWBZ contributions are collected through taxes.

Bio Health Minister Ab Klink

15. Dr. Ab Klink became Minister of Health, Welfare and Sport on February 22, 2007, in the fourth Balkenende government. He was born on November 2, 1958, and studied sociology at the Rotterdam Erasmus University and law at the Leiden University. He held several positions in the Dutch Justice Ministry, and headed the policy institute of the Christian-Democratic Party (CDA), of which he is one of its main ideologists. From 2003 to 2007 he was a member of the First Chamber (Upper House) for the CDA party.

Bio Finance Minister Wouter Bos

16. Mr. Wouter Bos was appointed Deputy Prime Minister and Minister of Finance in the fourth Balkenende government on February 22, 2007, and is leader of the Labor Party (PvdA). He was born on July 14, 1963, and studied politics and economics at the Free University in Amsterdam. He held several positions with Royal Dutch/Shell, and was a member of the Second Chamber (Lower House) of Parliament.

Leiden University Medical Center

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17. The Leiden University Medical Center (LUMC) in Leiden is one of the largest university medical centers in the Netherlands. Its core tasks are patient care, research, education for the faculties of medicine and biomedical science, and specialist medical training. The LUMC comprises the Leiden University Hospital and the Faculty of Medicine of Leiden University. Patient care covers the entire specter of top clinical care, including organ transplants, cardiovascular interventions and all types of bone marrow transplants. LUMC also offers a fixed volume of regional basic care. A considerable proportion of LUMC research is patient-oriented. The LUMC employs more than 7,000 employees.

Political Overview

18. The Netherlands is slightly less than twice the size of New Jersey and has a population of 16.4 million. The Netherlands is a constitutional monarchy with a parliamentary form of government. Queen Beatrix is the titular head of state and has mostly ceremonial duties, but does retain some political influence. The current center-left government under Prime Minister Jan Peter Balkenende (CDA), his fourth coalition government since 2002, came into office in February 2007. It is comprised of his center-right Christian Democratic Alliance (CDA), center-left Labor (PvdA), and orthodox Protestant Christian Union (CU) parties. Balkenende's coalition holds a narrow majority (80 out of 150 seats) in the Lower House of Parliament and must cope with severe political pressure from strong populist opposition parties on both the far right and far left.

19. The government's main challenge at this moment is whether or not to extend Dutch participation in the NATO International Security Assistance Force (ISAF) in southern Afghanistan, which it only appears prepared to do if other countries come to help out. The Netherlands is under severe pressure to extend because withdrawal of

its sizeable forces could cause the entire ISAF operation to unravel.

Economy Overview

¶10. The Dutch economy depends on trade; Amsterdam's Schiphol Airport (Europe's fourth busiest) and the Port of Rotterdam (Europe's largest) make the country a gateway to Europe. The Netherlands is the fourth largest source of accumulated foreign direct investment in the United States and is the third largest destination of foreign direct investment from the United States. GDP grew by 2.9 percent in 2006, which put the Dutch ahead of eurozone averages for the first time in seven years. Unemployment has fallen to 5.5 percent.

U.S.-Dutch Cooperation

¶11. The Dutch generally take similar approaches to the U.S. on international security, human rights, free trade, and rule of law issues, although differences on specific policies are not uncommon. The Dutch are committed internationalists who support strong transatlantic ties through NATO and the further development of the European Union. Long active in peacekeeping missions in the Balkans, Dutch military forces participated in Operation Enduring Freedom, made significant contributions to stabilization efforts as part of Operation Iraqi Freedom, and continue to take part in NATO's International Security Force in Afghanistan. The Netherlands is also an international legal center and hosts the International Court of Justice, the Iran-U.S. Claims Tribunal, and the International Criminal Tribunal for the Former Yugoslavia.

U.S. Mission Background

¶12. The U.S. Mission to the Netherlands, including the Embassy in The Hague and the Consulate General in Amsterdam, has employees from the Departments of State, Commerce, Agriculture, Justice (DEA and FBI), Homeland Security (DHS), Defense, and NASA. DHS's Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) maintain offices in Rotterdam and at Schiphol Airport. The U.S. Secret Service has a Europol liaison officer stationed in The Hague. The Consulate General in Amsterdam provides all consular services in The Netherlands and includes offices for DHS's Customs and Border Protection and the Commerce's U.S. Commercial Service. It serves a resident American population of 41,000 in addition to over one million U.S. visitors annually.

Gallagher